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5 Attorneys for Defendant  
RAE SYSTEMS INC.

7 UNITED STATES DISTRICT COURT  
8 NORTHERN DISTRICT OF CALIFORNIA  
9 SAN JOSE DIVISION  
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12 POLIMASTER LTD., NA&SE TRADING CO.,  
LIMITED

13 Plaintiffs,

14 v.

15 RAE SYSTEMS INC.

16 Defendant.  
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Case No. C 05-01887- JF HRL

**STIPULATION AND ~~PROPOSED~~ ORDER  
RE SUPERSEDEAS BOND AND STAY OF  
EXECUTION OF JUDGMENT IN FAVOR  
OF RAE SYSTEMS INC.**

1 Plaintiffs Polimaster Ltd. and Na&Se Trading Co., Ltd. (collectively, "Polimaster") and  
2 defendant RAE Systems Inc. ("RAE") hereby stipulate and agree that the Court's order staying execution  
3 of the judgment in favor of RAE, and permitting the registration of the Court's judgment in other districts  
4 subject to the stay, shall remain in effect pending Polimaster's appeal from the judgment, subject to the  
5 following conditions:

- 6 1. Polimaster shall post an irrevocable supersedeas bond in a form acceptable to RAE  
7 and approved by the Court (the "bond") in the amount of \$1,394,692 by May 15,  
8 2009;
- 9 2. Thereafter, by no later than June 15, 2009 and continuing by no later than the 15th  
10 of each month thereafter, or if that day is a Saturday, Sunday or holiday, the first  
11 preceding business day, Polimaster shall increase the principal amount of the bond by  
12 \$116,224.25 per month until the principal amount of the bond equals the amount of  
13 the judgment (\$2,789,383.44) plus accrued interest at the judgment rate of 0.43  
14 percent per annum;
- 15 3. Polimaster shall provide notice and written confirmation to RAE's counsel by  
16 email that the bond has been posted by no later than May 15, 2009, and shall provide  
17 notice and written confirmation that the principal amount of the bond has been  
18 increased by the requisite monthly installment by no later than 5:00 p.m. Pacific  
19 daylight time on the day each installment is due;
- 20 4. Polimaster acknowledges and agrees that time is of the essence with respect to its  
21 obligation to post the bond by no later than May 15, 2009, to increase the principal  
22 amount of the bond in monthly installments thereafter, and to provide written notice  
23 and confirmation to RAE's counsel, all as set forth above;
- 24 5. In the event Polimaster fails to comply strictly with any of the foregoing  
25 obligations, RAE may inform the Court by ex parte letter, copied to counsel for  
26 Polimaster, and the Court shall promptly issue an order, in the form attached hereto as  
27 Exhibit A, providing that (a) the stay of execution is vacated with respect to any  
28 remaining portion of the judgment unsecured by the bond; (b) Polimaster and Na&Se

shall each provide complete responses to RAE's interrogatories served on March 26, 2009 pursuant to Fed. R. Civ. P. 33 and 69 within 15 days of the Court's order; and (c) that pursuant to 28 U.S.C. section 1963, and the Court's prior orders re registration, RAE is permitted to register the Court's judgment in any district in which Polimaster may have assets.

6. Polimaster's agreement hereto does not in any way waive Polimaster's right to appeal from or otherwise challenge the judgment.

IT IS SO STIPULATED.

Dated: April \_\_, 2009

McLeod, Witham & Flynn LLP

By /s/ John P. Flynn

John P. Flynn  
Attorneys for Defendant  
RAE SYSTEMS INC.

Dated: April \_\_, 2009

The Garden Law Firm, P.C.

By /s/ Kevin R. Garden

Kevin R. Garden  
Attorneys for Plaintiffs  
POLIMASTER LTD. AND  
NA&SE TRADING CO., LTD

IT IS SO ORDERED.

Dated: 4/30/09



The Honorable Jeremy Fogel  
United States District Court Judge

**EXHIBIT A**

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RAE SYSTEMS INC.

UNITED STATES DISTRICT COURT  
NORTHERN DISTRICT OF CALIFORNIA  
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POLIMASTER LTD., NA&SE TRADING CO.,  
LIMITED

Plaintiffs,

v.

RAE SYSTEMS INC.

Defendant.

Case No. C 05-01887- JF HRL

**ORDER RE SUPERSEDEAS BOND AND  
STAY OF EXECUTION OF JUDGMENT IN  
FAVOR OF RAE SYSTEMS INC.**

Pursuant to the Stipulation And Order Re Stay Of Execution Of Judgment In Favor Of RAE Systems Inc. (the "Stipulation and Order"), and based on defendant RAE Systems Inc.'s ex parte notice of Polimaster Ltd. and Na&Se Trading Co., Ltd.'s failure to comply, it is hereby ordered that:

1. The stay of execution provided in the Stipulation and Order is hereby vacated with respect to any remaining portion of the judgment unsecured by the supersedeas bond currently posted with the Court;
2. Within 15 days hereof, Polimaster and Na&Se shall each provide complete responses to the interrogatories served by RAE on March 26, 2009 pursuant to Fed. R. Civ. P. 33 and 69; and
3. Pursuant to 28 U.S.C. section 1963, and this Court's prior order re registration, RAE is permitted to register this Court's judgment in any district in which Polimaster may have assets.

IT IS SO ORDERED

Dated: 4/30/09

  
The Honorable Jeremy Fogel  
United States District Court Judge